



1 Cheap, Popular Robinhood Stock You'll Want to Have on Your Radar

Description

While Canadian investors don't have access to the Robinhood trading site, many use information coming from the site on a regular basis. Investors can simply look at the top stocks and decide what fits into their portfolio. The company has become synonymous with growth and, with that, a bit of risk. For millennials seeking growth over the long term, this can be an interesting strategy.

I don't recommend this strategy as a whole purpose of investing, but having a few stocks with a bit of risk is alright. If most of your investments are in less-risky items, like large-cap stocks and exchange-traded funds (ETFs), your risk is diminished, leaving some room for a few cheap stocks, if you so choose.

On the whole I avoid cheap stocks because they're too speculative. However, it doesn't mean there aren't some interesting options out there to dig into. So, let's look at one stock on Robinhood I would keep on your radar.

A popular pot stock

Cannabis stocks are known to be all over the Robinhood leader board. But one of the most popular is **OrganiGram Holdings** ([TSX:OGI](#))([NASDAQ:OGI](#)). The company is currently 29th on the [top 100 list](#), with many investors sinking their teeth into it from the possibility of cannabis reform in the United States.

The new administration stated before the election that it would seek to decriminalize marijuana use on a federal level. The U.S. should have up to US\$41.5 billion in annual cannabis sales as early as 2025, according to analysts. And this would considerably widen OrganiGram stock and its growth.

And yes, OrganiGram stock was hit by the wave of investment into cannabis, followed by the slouch. Shares climbed 160% in a year then fell by 57% to where it trades now. But there's one huge difference that sets it apart from other cannabis stocks: share price.

Cannabis bought with confidence

Instead of investing in this still risky industry and potentially losing a lot of money, you can buy OrganiGram stock for just \$3.35 as of writing. Even if you buy a small stake of just \$13.40, that's not a lot to lose. On the flip side, should federal legalization go through, that's about four stocks as of writing that could suddenly change to double digits.

And OrganiGram stock does have a reason to lead investor confidence. The company uses a three-tiered growing system to maximize the space it has for a cheaper cost. It thus provides a higher yield per square foot than competitors. It has also already invested in high-margin derivatives such as edibles and powders, which have seen a huge uptick in purchases.

Then there are its partnerships. **British American Tobacco** recently bought a 19.9% stake in OrganiGram stock in a \$221 million investment. It sees the small Canadian cannabis producer as a potential for greatness. And when this major player taps your shoulder, you turn around pay attention.

Not without risk

As I've stated, cheap stocks have risk. While OrganiGram stock [may be popular](#) on Robinhood, it doesn't mean it's safe. In fact, its latest earnings reports have been pretty poor. However, it has paid down debt and now has a balance of \$232 million in cash and short-term investments. Meanwhile, management believes there will be improvement next quarter.

This comes from improved demand fulfillment from hiring more workers, a COVID-19 recovery, and an increase in soft chews and confectionary products. Furthermore, the yield per plant has already increased from optimizing the density of plants per room and decreasing vegetation time. This will drive down costs and increase inventory sold.

While this stock isn't without risk, there is plenty to look forward to. And it's definitely a Robinhood stock I would keep on my radar.

CATEGORY

1. Cannabis Stocks
2. Coronavirus
3. Investing
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1. Editor's Choice

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